



CAFTA FACTS #1

CAFTA: Not Large Export Markets

Prepared by the Office of Congressman Sherrod Brown

The U.S. economy, with a \$10.5 trillion GDP in 2002, is about 170 times as hefty as the economies of the CAFTA nations.

It doesn't take a trade expert to see the economic mismatch between the U.S. and the CAFTA nations.

The viability of Central American nations as trading partners is an important part of the Administration's CAFTA sales pitch.

That is why the U.S. Trade Representative said Central America offers "expanded markets" for American producers and "new opportunities for U.S. workers and manufacturers."

But a look at the U.S. Conference of Mayors' Metro Economies Report, released last July, confirms that the administration's CAFTA numbers do not add up.

The \$62 billion combined economic output of CAFTA signatories Costa Rica, Honduras, El Salvador, Nicaragua, and Guatemala is about equal to that of Orlando, Florida.

The combined economies of the CAFTA nations fell short of Columbus (\$64 billion) and Cleveland (\$82.3 billion). And they were less than half the size of Phoenix (\$124.9 billion), San Diego (\$125 billion), Minneapolis (\$128.9 billion), and Detroit (\$161.7 billion).

Those raw numbers are bad enough. Consider the fact that a typical Central American consumer earns only a small fraction of a typical American worker's wage and it becomes clear that CAFTA's true objective is not to increase U.S. exports.

Central American consumers cannot afford to buy American-made goods today, and CAFTA's inadequate labor provisions ensure they will be unable to afford American-made goods tomorrow. This agreement offers little or no economic opportunity for American workers and producers.

The CAFTA model is a recipe for disaster. Congress must devise a trade agreement to promote business development and jobs in the U.S. as well as economic advancement overseas.

CAFTA should help Central American workers earn enough to buy American-made products. It's time to rethink U.S. trade policy and do what's right, not just for multinational corporations, but what's right for workers, small businesses, communities, and the environment.

The president is on the wrong track. Congress must demand a smarter trade deal than CAFTA.